Annual Report

April 1, 1985 to March 31, 1986

87-00229/

Annual Report

April 1, 1985 to March 31, 1986

The Honourable R. Kimmerly, Member
The Executive Council
Whitehorse, Yukon

Dear Sir:

I submit herein the Ninth Annual Report of the Yukon Liquor Corporation for the year ended March 31, 1986, in accordance with the requirements of Section 13 of the Liquor Act.

The Board of Directors of the Corporation is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board has exercised this responsibility through the Audit Committee. This Committee is composed of directors, who are not employees of the Corporation, and the General Manager. The Audit Committee has also discharged its responsibilities conferred upon it by the Board of Directors and meets on a regular basis with management, the Internal Auditor and the Auditor General of Canada who have unrestricted access to the Committee.

I would respectfully request that this report be tabled at the next ensuing session of the Legislative Assembly.

Respectfully submitted,

Margaret A. Dunn

Margaret A. Dunn
Chairman
Board of Directors

YUKON LIQUOR CORPORATION

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Margaret A. Dunn, Chairman,
Yukon Liquor Corporation
Whitehorse, Yukon

Dear Mrs. Dunn,

I am pleased to provide you with the Ninth Annual Report of the Yukon Liquor Corporation for the year ending March 31, 1986.

SALES

Net income for the year under review amounted to $4,601,000 before an extraordinary expense of $318,000. This represents an increase of $60,000 or 1.3% more than the net profit of $4,541,000 for 1985. Liquor taxes collected amounted to $1,359,000 during the year. Therefore, net income and liquor tax before extraordinary item for 1986 amounted to $5,960,000 or 1.2% more than the total of $5,890,000 for 1985.

The volume of alcohol products sold during 1986 equalled 3,769,000 litres. In terms of volume, spirits sales decreased by 4.0%, wine sales decreased by 2.0% and beer sales decreased by 0.3% in comparison to the previous year's totals.

The sales to licensees amounted to $9,631,000 for 1986 and this represents an increase of $110,000 or 1.2% more than 1985. These sales account for 61.3% of our total gross sales.

GENERAL REMARKS

The Liquor Corporation continues to regulate the importing, distribution and retailing of all alcoholic beverages within the requirements of the Liquor Act and attendant regulations. The Corporation also remains responsible for issuance, cancellations, suspension of all liquor licences, enforcement of the Act, inspections and all other matters relating to control of the sale of liquor.

The Corporation is continuing its liaison with various territorial governmen' departments with regard to present and future needs in the realm of liquor legislation and enforcement.

Negotiations with various parts of the private sector, including breweries and freight carriers, were again resultant in solidifying the goal of achieving recognition of Yukon needs that are supplemental to those of southern jurisdictions.

Changing sales trends have resulted in the need to constantly review our product selection. A total of 221 new products were listed during the year of which 59 products were special ordered. The Liquor Corporation handled 6,806 tons of liquor during the year. Return of empty beer bottles was 93.9% and 55.6% on beer cans.

During the year a total of six products were removed from sale as they did not meet Canadian Food and Drug standards. The Corporation is continuing to work with the Health Protection Branch of Health and Welfare Canada and the Provincial Liquor Boards to ensure that liquor products meet acceptable health standards.

The Government of the Yukon strongly condemns the apartheid policy of the South African Government. In September, 1985, the Corporation was directed to remove all South African liquor from liquor store shelves and discontinue any future purchases. The Corporaton withheld 294 cases of South African liquor and is awaiting direction from the Government on the disposition of the liquor.

The Liquor Inspectors are a part of the Corporation, with inspection and licensing matters carried out by them coming under the direction of the General Manager. There were 107 licenced establishments at March 31, 1986, and 7 new licensees approved during the year. A close working relationship has been established with enforcement agencies whereby prompt attention is given to any problem situation observed to be developing in respect to any licensed operation. Similar programs have also been developed with fire, building and health authorities whereby joint or co-ordinated inspections have achieved quick success in rectifying unsatisfactory or hazardous conditions within licensed premises.

Proof-of-Age Identification cards issued totalled 481. Permits issued during the year by Liquor Inspectors and Store Managers at various locations in the Territory amounted to 70 Reception, 497 Special Occasion, and 2 Wine Making Permits.

A total of 288 inspections were carried out by Liquor Inspectors and 440 walk through visits were made by the R.C.M.P. Three suspensions were issued to licensees representing 4 days and seven letters of warning were given to various licensees. Ongoing liaison with licensees, the R.C.M.P. and other agencies assisted in furthering control of the sale of liquor, assisting licensees where possible and decreasing the misuse of alcohol in Yukon.

MANAGEMENT RESPONSIBILITY

The management of the Corporation is responsible for all the information, including the financial statements, contained in this annual report. The financial statements were prepared in accordance with generally accepted accounting principles appropriate in the circumstances and include estimates based on management's experience and judgement. The financial statements have been approved by the Board of Directors of the Corporation.

Management maintains books and records, financial and management control and information systems and management practices in such a manner as to provide reasonable assurance that reliable and accurate financial information is produced on a timely basis, that assets are safeguarded and controlled, that transactions are in accordance with the Yukon Financial Administration Act and its regulations as well as the Liquor Act and regulations, the by-laws of the Corporation and the Liquor Tax Act. Moreover, the Corporation has complied with the Yukon Financial Administration Act and its regulations, the Yukon Liquor Act and regulations, the by-laws and the Liquor Tax Act.

Periodically the Corporation is subject to review by the internal auditor of the Government of Yukon, who reports independently to the Government's Audit Committee and is responsible for assessing the financial and management control and information systems and management practices of the Corporation. The Auditor General of Canada conducts an independent examination of the financial statements of the Corporation in accordance with generally accepted auditing standards. He also considers whether the transactions that come to his notice in the course of his examination are in accordance with the authorities outlined above, and reports on his examination to the responsible Executive Council Member.

ACKNOWLEDGEMENTS

I would like to thank you and other Board Members for your support and assistance during the year. It has been an interesting and successful year.

I wish to acknowledge with gratitude, on behalf of the Corporation, the fine co-operation and assistance given by all departments of the Government, the Internal Auditor, the Office of the Auditor General and by the R.C.M.P. It is my desire also to report that all employees have continued to serve most loyally and effectively for which I express my sincere appreciation.

Further details of the Corporation's operations are contained in the various attachments, all of which are respectfully submitted.

R. Thibault
General Manager and
Chief Executive Officer

AUDITOR GENERAL OF CANADA VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

To the Executive Council Member responsible for the
Yukon Liquor Corporation

I have examined the balance sheet of the Yukon Liquor Corporation as at March 31, 1986 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1986 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied, after giving effect to the change in the basis of accounting for employee leave and termination benefits as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have, in all significant respects, been in accordance with the Yukon Financial Administration Act and regulations, the Liquor Act and regulations, the by-laws of the Corporation and the Liquor Tax Act.

Raymond Dubois, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 17, 1986

YUKON LIQUOR CORPORATION

Balance Sheet
as at March 31, 1986

ASSETS

	1986	1985
	(thousands of dollars)	
Current		
Cash	$ 1,407	$ 1,561
Accounts receivable	120	110
Inventories	1,961	1,701
Prepaid expenses	14	-
	$ 3,502	$ 3,372

LIABILITIES

Current		
Accounts payable	$ 1,779	$ 1,804
Deferred revenue	65	68
	1,844	1,872
Accrued employee termination benefits	158	-
Government of the Yukon Working capital advance	1,500	1,500
	$ 3,502	$ 3,372

Approved by the Board:

Margaret A Dunn
Chairman

B.B. O'Neil
Member

YUKON LIQUOR CORPORATION

Statement of Income
for the year ended March 31, 1986

	1986	1985
	(thousands of dollars)	
Sales	$ 13,582	$ 13,476
Cost of goods sold	7,070	7,133
Gross profit	6,512	6,343
Expenses		
Salaries and employee benefits	1,513	1,364
Rentals, utilities and maintenance	360	374
Cartage	163	173
Travel and communication	45	39
General and office supplies	41	35
Professional services	14	14
Board honoraria and expenses	12	11
Miscellaneous	5	13
	2,153	2,023
Operating income	4,359	4,320
Other income		
Bank interest	119	114
Fees, permits and licences	61	59
Miscellaneous	62	48
	242	221
Net income for the year, before extraordinary item	4,601	4,541
Extraordinary item (Note 3)	318	-
Net income for the year, transferred to the Government of the Yukon	$ 4,283	$ 4,541

YUKON LIQUOR CORPORATION

Notes to Financial Statements
March 31, 1986

1. Authority and operations

The Corporation, established under the Liquor Act, is responsible for the purchase, distribution and sale of liquor within the Territory. It is also responsible for controlling the sale of liquor through licenced outlets and enforcing all matters related to the Act.

The Corporation is provided with an interest-free working capital advance by the Government of the Yukon, to which the net income for the year is transferred in accordance with the Act.

2. Accounting policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles applied, after giving effect to the change in the basis of accounting for employee leave and termination benefits as explained in Note 3, on a basis consistent with that of the preceding year. The more significant accounting policies of the Corporation are as follows:

Inventories

Inventories are valued at landed cost at Whitehorse.

Fixed assets

Fixed assets are financed by the Government of the Yukon under a capital vote within the Capital Estimates of the Government. These assets are owned by the Government of the Yukon and are recorded in the accounts at a nominal amount of $1.

Pensions

The Corporation and its employees, who are deemed to be employees of the Government of the Yukon, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Corporation. These contributions represent the total liability of the Corporation and are recognized in the accounts on a current basis.

3. Change in accounting policy

During the year the Corporation adopted the accrual basis for accounting for employee leave and termination benefits. The estimated liability for these had previously been shown as a note to the financial statements. The effect of this change has been to decrease

the net income for the year by $318,000. This change in accounting policy has not been applied retroactively since it would impact on the net income previously transferred to the Government of Yukon. Of the $318,000 it is estimated that $44,000 is applicable to 1986, $32,000 is applicable to 1985 and $242,000 relates to periods prior to April 1, 1984.

4. Fixed assets

The cost to the Government of the Yukon of fixed assets held by the Corporation at March 31 is as follows:

	1986	1985
	(thousands of dollars)	
Liquor store building, Faro	$ 866	$ 866
Equipment	347	399
Store and warehouse improvements	255	236
Furniture and office equipment	125	89
	$ 1,593	$ 1,590

During the year, fixed assets costing $59,000 (1985 - $176,000) were charged to the capital vote of the Government of the Yukon and transferred to the Corporation without charge. Fixed assets transferred back to the Government during the year totalled $56,000 (1985 - $1,000)

5. Accommodation and services provided without charge

These financial statements do not reflect the cost of accommodation and other services provided without charge by the Government of the Yukon, or the value of services provided without charge to the Government by the Corporation in its capacity as Territorial Agent in localities outside Whitehorse. The value of services provided by the Government to the Corporation is estimated at $181,000 (1985 - $173,000). The value of services provided by the Corporation to the Government is estimated at $162,000 (1985 - $136,000).

6. Collection of liquor taxes

The Corporation transferred to the Government of the Yukon liquor taxes of $1,359,000 (1985 - $1,349,000) collected during the year under the Liquor Tax Act.

7. Related party transactions

In addition to the related party transactions disclosed in Notes 4 to 6 inclusive, accounts payable at March 31, 1986 include $351,000 due to the Government of the Yukon (1985 - $1,175,000).

8. Lease commitments

The Corporation has commitments to December 31, 1990 for leased accommodation of $160,000 per year, subject to annual Consumer Price Index adjustments.

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EXECUTIVE COUNCIL MEMBER
responsible for the Corporation

Roger Kimmerly	Minister

BOARD OF DIRECTORS

Margaret Dunn	Chairman, Whitehorse
Mary Dick	Member, Ross River
Oliver Hutton	Member, Mayo
Veronica Bob	Member, Teslin
Bruce O'Neill	Member, Haines Junction

CHIEF EXECUTIVE OFFICER

Roland Thibault	General Manager and Chief Executive Officer

BRANCH HEADS

Robert Morris	Manager, Store and Warehouse Operations
Roger Moore	Chief Liquor Inspector
Bruce Hunt	Manager, Finance and Administration

Head Office and Warehouse
9031 Quartz Road
Whitehorse, Yukon. Y1A 4P9

LIQUOR STORES

Whitehorse	Watson Lake
Dawson	Faro
Mayo	Haines Junction

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LIQUOR LICENCES ISSUED

	1986	1985
Liquor Coctail Lounge	55	53
Beer Tavern	3	8
Dining Room	45	45
Restaurant Beer and Wine	38	42
Liquor Off Premises	65	64
Beer Off Premises	30	32
Club Liquor	15	13
Beer Canteen	3	3
Special Liquor	10	9
Aircraft/Ship Liquor	3	2
Room Service Liquor	16	19
Mess Liquor	3	5
Sport Stadium	1	1
Recreation Facility	1	1
TOTAL	288	297

PERMITS ISSUED

Reception Permits	70	119
Special Occasion Permits	497	500
Wine Making	2	5
TOTAL	569	624

SUMMARY OF PERMITS ISSUED DURING 1986

	RECEPTION	SPEC. OCC.	WINE MAKING
Whitehorse Inspectors	39	255	2
Faro Store Manager	2	31	-
Mayo Store Manager	9	56	-
Watson Lake Store Manager	9	83	-
Haines Junction Store Manager	-	41	-
Dawson City Store Manager	11	31	-
TOTAL	70	497	2

YUKON LIQUOR CORPORATION

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SCHEDULE OF SPIRITS, WINE AND BEER
SALES BY STORE

($000'S)

	SPIRITS	WINE	BEER	1986	1985
WHITEHORSE	$1,964	$ 970	$1,102	$ 4,036	$ 3,940
DAWSON CITY	422	175	548	1,145	1,201
MAYO	230	55	258	543	606
WATSON LAKE	528	141	542	1,211	1,173
HAINES JUNCTION	165	38	232	435	419
FARO	216	45	192	453	634
LICENSED OUTLET	1,968	493	3,298	5,759	5,503
1986	$5,493	$1,917	$6,172	$13,582	
% OF SALES	40.4	14.1	45.5	100.0	
1985	$5,568	$1,867	$6,041		$13,476
% OF SALES	41.3	13.9	44.8		100.0

YUKON LIQUOR CORPORATION

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SCHEDULE OF LIQUOR TAXES
($000'S)

	SPIRITS	WINE	BEER	1986	1985
WHITEHORSE	$ 197	$ 97	$ 110	$ 404	$ 394
DAWSON CITY	42	18	55	115	120
MAYO	23	6	26	55	61
WATSON LAKE	53	14	54	121	117
HAINES JUNCTION	16	4	23	43	42
FARO	22	4	19	45	64
LICENSED OUTLET	197	49	330	576	551
1986	$ 550	$ 192	$ 617	$ 1,359	
TOTAL					
1985	$ 557	$ 187	$ 605		$ 1,349

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SCHEDULE OF GROSS PROFIT
($000'S)

	SPIRITS	WINE	BEER	1986	1985
NET SALES	$5,493	$1,917	$6,172	$13,582	$13,476
COST OF GOODS SOLD	2,415	901	3,754	7,070	7,133
GROSS PROFIT 1986	$3,078	$1,016	$2,418	$ 6,512	
% OF TOTAL	47.3	15.6	37.1	100.0	
GROSS PROFIT 1985	$3,137	$ 962	$2,244		$ 6,343
% OF TOTAL	49.5	15.1	35.4		100.0

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SCHEDULE OF OPERATING EXPENSES
($000'S)

	Whse.	Dawson	Mayo	Watson Lake	Haines Jctn.	Faro	Central Warehouse Licensed Outlet	Admin. Inspection Board and Alcohol Program	1986	1985
Salaries & Employee Benefits	$259	$ 92	$ 88	$ 99	$49	$ 55	$379	$492	$1,513	$1,364
Rentals, Utilities & Maintenance	153	19	33	17	15	10	71	42	360	374
Cartage	13	30	12	31	11	10	55	1	163	173
Travel & Communication	0	2	3	2	2	3	0	33	45	39
General & Office Supplies	7	3	1	3	1	2	0	16	41	35
Professional Services	1	0	0	2	1	0	4	6	14	14
Board Honoraria & Expenses	0	0	0	0	0	0	0	12	12	11
Miscellaneous	3	1	0	1	0	0	0	0	5	13
1986	$436	$147	$137	$155	$79	$ 80	$517	$602	$2,153	
1985	$405	$138	$131	$122	$79	$112	$505	$531		$2,023